

D R A F T

Approved For Release 2001/07/30 : CIA-RDP78B04747A000500010045-4

RM would like to have this kept at rest TDC

MEMORANDUM FOR: Chairman, Technical Development Committee
THROUGH : Executive Secretary, TDC
SUBJECT : Staff Study - Overrun on 3X-12X Enlarger Contract
REFERENCE : [REDACTED]

PROBLEM: Payment of revised overrun costs incurred by [REDACTED]
during performance on Contract [REDACTED]

STATINTL

FACTS: Original proposal dated 10 January 1962 from [REDACTED] stated
preference for a GPTF contract - the following stated verbatim, the preliminary
cost less lens is [REDACTED] estimated. A "Statement of Cost and Fee on Proposal
of 10 January 1962" revised the total estimated cost and fee to [REDACTED].

A GPTF contract was effected as of 15 June 1962, for [REDACTED]

STATINTL

DISCUSSION: During the manufacture of this enlarger, various changes were suggested
by the contract monitor and incorporated into the instrument. An initial estimate
of cost for the changes was approximately [REDACTED] as stated in a letter from [REDACTED]
on 27 May 1963. A letter dated 25 June 1963 revised this estimate however, to
[REDACTED] and this was followed by another letter dated 19 July 1962 giving a cost
breakdown resulting in a total (grand total) of [REDACTED]. An evaluation of the
cost of the changes incorporated in the instrument was made by the contract monitor
on 30 September 1963. The evaluation stated essentially that the costs were more
than one would expect for the work accomplished and that in resolving whether the
claimed charges are or are not correct it would be quite difficult to make a precise
judgement without an auditor's help.

The Office of Logistics has now completed an audit of the contract and has
agreed that a cost of [REDACTED] is a legitimate settlement fee. Action on this
contract through the TDC is now requested for settlement of the overrun.

RECOMMENDATIONS:

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Declass Review by NIMA / DoD

STATINTL

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It is requested that the amount of [REDACTED]

[REDACTED] in payment of overrun for Contract [REDACTED] This amount is
the difference between the original contract sum of [REDACTED] and
the audit of [REDACTED]

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